



Senate

General Assembly

File No. 807

January Session, 2009

Substitute Senate Bill No. 457

Senate, April 22, 2009

The Committee on Transportation reported through SEN. DEFRONZO of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING MOTOR VEHICLE REPAIRS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 14-65f of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2009*):

4 (a) (1) Prior to performing any repair work on a motor vehicle, a
5 motor vehicle repair shop shall obtain a written authorization to
6 perform the work, on an invoice signed by the customer, [which] that
7 includes an estimate in writing of the maximum cost to the customer of
8 the parts and labor necessary for the specific job authorized. A repair
9 shop shall not charge for work done or parts supplied without a
10 written authorization or in excess of the estimate unless the customer
11 gives consent orally or in writing.

12 (2) In addition to, or as part of, the written authorization set forth in
13 subdivision (1) of this subsection, a motor vehicle repair shop shall
14 obtain a written acknowledgment that the customer is aware of his or

15 her right to choose the licensed repair shop where the motor vehicle
 16 will be repaired. Such acknowledgment shall read as follows: "I am
 17 aware of my right to choose the licensed repair shop where the
 18 damage to the motor vehicle will be repaired." A repair shop shall not
 19 repair a motor vehicle without such acknowledgment, which may be
 20 transmitted by facsimile or by electronic mail.

21 Sec. 2. Section 38a-354 of the general statutes is repealed and the
 22 following is substituted in lieu thereof (*Effective October 1, 2009*):

23 (a) No automobile physical damage appraiser shall require that
 24 appraisals or repairs should or should not be made in a specified
 25 facility or repair shop or shops.

26 (b) No insurance company doing business in this state, or agent or
 27 adjuster for such company shall (1) require any insured to use a
 28 specific person for the provision of automobile physical damage
 29 repairs, automobile glass replacement, glass repair service or glass
 30 products, [unless otherwise agreed to in writing by the insured] or (2)
 31 suggest that choosing a facility other than a preferred repair facility
 32 will result in delays in repairing the motor vehicle or a lack of
 33 guarantee for repair work.

34 (c) Any appraisal or estimate for a motor vehicle physical damage
 35 claim written on behalf of an insurer shall include the following notice,
 36 printed in not less than ten-point boldface type:

37 NOTICE:

38 YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR
 39 SHOP WHERE THE DAMAGE TO YOUR MOTOR VEHICLE WILL
 40 BE REPAIRED.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2009	14-65f(a)
Sec. 2	October 1, 2009	38a-354

TRA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Insurance Dept.	GF - Revenue Gain	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill could result in a potential minimal revenue gain to the General Fund (GF) from the assessment of violator fines by the Insurance Department as it prohibits insurers from a deceptive practice related to motor vehicle repair shops. Fines assessed to violators can be up to \$1,000 per violation. Any revenue gain to the GF would be subject to the number of violators assessed penalties.

The Department of Insurance collected \$4.2 million for the GF in fines and penalties in FY 08.

The Out Years

The amount of revenue gain to the GF in the out years would be dependent upon the number of violations and subsequent assessment of related fines.

Sources: 1/27/09 Public Hearing Testimony

OLR Bill Analysis**sSB 457*****AN ACT CONCERNING MOTOR VEHICLE REPAIRS.*****SUMMARY:**

This bill limits what auto insurers can tell insureds with respect to necessary auto repairs. Specifically, it prohibits an auto insurer, and its agents and adjusters, from (1) requiring an insured to use a specific person to perform auto repairs or (2) suggesting that repair work will be delayed or not guaranteed if the insured has repairs performed at a motor vehicle repair shop that is not one of the insurer's preferred repair facilities.

The bill requires a repair shop to obtain a customer's written acknowledgement that he or she is aware of his or her right to choose the licensed repair shop that will repair his or her vehicle. It prohibits a repair shop from repairing a vehicle without this acknowledgment, which a customer may email or fax. The acknowledgment is in addition to, or may be part of, the customer's written authorization to perform work, which a repair shop must obtain by law before performing any repair work. (The acknowledgment requirement is already law for a repair shop participating in an insurer's motor vehicle repair program (CGS § 14-65m)).

Under the bill, the penalty for violating the repair shop acknowledgment requirement is suspension or revocation of the repair shop's license, a fine of up to \$1,000 for each violation, or both.

EFFECTIVE DATE: October 1, 2009

BACKGROUND***Preferred Repair Shops***

Some automobile insurers enter into contracts with specific repair

shops that agree to provide services to customers at a discounted price. A person may choose any shop for repairs, but the insurer might only guarantee repairs performed at a preferred shop.

Licensed Repair Shop

By law, no one may operate a motor vehicle repair shop without a Department of Motor Vehicle-issued new car dealer's, used car dealer's, repairer's, or limited repairer's license (CGS § 14-52). A "motor vehicle repair shop" means a new car dealer, a used car dealer, a repairer, or a limited repairer (CGS § 14-65e).

"Repairer" includes any person, firm, or corporation qualified to conduct such business, having a suitable facility and adequate equipment, engaged in repairing, overhauling, adjusting, assembling, or disassembling any motor vehicle. It excludes a person engaged in tire repairs, upholstering, glazing, general blacksmithing, welding, and machine work on motor vehicle parts when a licensed repairer disassembles and reassembles the parts (CGS § 14-51(3)).

"Limited repairer" includes any qualified person, having a suitable place of business and adequate equipment, engaged in the business of minor repairs, including cooling, electrical, fuel, and exhaust system repairs and replacement; brake adjustments, relining, and repairs; wheel alignment and balancing; and shock absorber repairs and replacement. It excludes lubricating motor vehicles; adding or changing oil or other motor vehicle fluids; changing tires and tubes, including the balancing of wheels; or installing batteries or light bulbs, windshield wiper blades, or drive belts (CGS § 14-51(4)).

Legislative History

On April 9, the Senate referred the bill (File 241) to the Transportation Committee which reported out a favorable substitute on April 14. The new language removes the requirement that an auto insurer offer a premium discount on a policy issued, renewed, amended, or endorsed on or after October 1, 2009 covering a "private passenger motor vehicle" that has its complete vehicle identification

number (VIN) etched on the lower corner of the vehicle's windshield and each side or rear window.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 14 Nay 5 (03/10/2009)

Transportation Committee

Joint Favorable Substitute

Yea 26 Nay 8 (04/14/2009)